

Message Text

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PAGE 01 BREMEN 00278 171718Z

67

ACTION IO-14

INFO OCT-01 EUR-25 ADP-00 OMB-01 TAR-02 AGR-20 AID-20

CIAE-00 COME-00 EB-11 INR-10 LAB-06 NSAE-00 OIC-04

RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02 PA-03

PRS-01 USIA-12 AF-10 ARA-16 EA-11 NEA-10 L-03 RSR-01

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TO SECSTATE WASHDC 1170

INFO AMEMBASSY BONN

US MISSION EC BRUSSELS 075

USMISSION GENEVA

AMEMBASSY ROME

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ROME FOR FODAG

E.O. 11652: GDS

TAGS: ETRD, FAO

SUBJECT: BANANAS--FIFTH SESSION OF INTERGOVERNMENTAL GROUP ON
BANANAS

REF: BREMEN 269 (NOTAL)

1. SUMMARY. IN ITS FIRST TWO DAYS FIFTH SESSION HAS PRODUCED
VERY LITTLE CONTROVERSY. GROUP QUICKLY COMPLETED WORK ON
ORGANIZATIONAL ITEMS ON AGENDA. RATHER LETHARGIC DISCUSSION HELD
ON OMNIBUS TOPIC OF WORLD BANANA ECONOMY AND ON MARKET ACCESS.
UNDER PRODDING FROM FAO SECRETARIAT, SUB-GROUP OF EXPORTERS HAS
HELD THREE SESSIONS BUT HAS THUS FAR BEEN UNABLE TO DEVELOP
COMMON POSITION RE INTERNATIONAL ARRANGEMENTS. ON IMPORTERS
SIDE, HIGHLIGHT HAS BEEN WELCOMING ADDRESS OF FRG STATE

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PAGE 02 BREMEN 00278 171718Z

SECRETARY LOGEMANN CALLING FOR ADHERENCE TO STATUS QUO RE

EEC'S SEPARATE IMPORT REGIMES. END SUMMARY.

2. FRG STATE SECRETARY LOGEMANN OPENED FIFTH SESSION WITH FORTHRIGHT CALL FOR MAINTENANCE OF STATUS QUO ON BANANAS WITHIN EEC. HE URGED EEC TO REFRAIN FROM "DOGMATIC" EFFORTS AT HARMONIZATION AND DANGEROUS RESTRUCTURING OF INTERNATIONAL TRADE PATTERNS. STATUS QUO WOULD, IN HIS VIEW, BEST MEET JUSTIFIED DEMANDS OF SUPPLYING COUNTRIES. FRG DELEGATION HAS DEPICTED LOGEMANN'S ADDRESS AS CLEAR SIGNAL OF GERMAN INTENTION TO PRESERVE ITS TARIFF FREE QUOTA. NETHERLANDS DELEGATION PRIVATELY EXPRESSED APPROVAL OF FRG'S SUGGESTED APPROACH AS ONLY POLITICALLY VIABLE COURSE FOR EEC. AT SAME TIME UK DELEGATION PLEASED WITH SPEECH SINCE IT CONCEDED RETENTION OF SHELTERED UK MARKET.

3. IN HIS OPENING STATEMENT FAO REPRESENTATIVE (VITON) REFLECTED INCREASED SECRETARIAT EMPHASIS ON INTERNATIONAL ARRANGEMENTS. VITON MAINTAINED THAT IN LIGHT OF TIGHTENING COST-PRICE SQUEEZE SOME FORM OF INTERNATIONAL COOPERATION COULD BE CONTEMPLATED DESPITE ADMITTED PROBLEMS WITH COMMODITY ARRANGEMENTS. ONE ALTERNATIVE INDICATED BY VITON--VOLUNTARY INFORMATION EXCHANGE SYSTEM--NOT LIKELY TO BE EFFECTIVE IN SITUATION OF FUNDAMENTAL DISEQUILIBRIUM BETWEEN SUPPLY AND DEMAND. WITHOUT INTERNATIONAL COOPERATION PRODUCING COUNTRIES WOULD, IN VITON'S VIEW, TURN INCREASINGLY TO SUBSIDIZED, CUT-THROAT COMPETITION. SURVIVORS OF SUCH COMPETITION WOULD BE THOSE WITH GREATEST FINANCIAL RESOURCES, NOT NECESSARILY MOST EFFICIENT PRODUCERS.

4. SESSION THEN ELECTED CONFERENCE OFFICERS AND ADOPTED PROVISIONAL AGENDA WITHOUT CHANGE. FRG (PIRKMAYR) SELECTED AS CHAIRMAN WITH COSTA RICA, CAMEROON, AND JAPAN ELECTED AS VICE CHAIRMEN.

5. REMAINDER OF FIRST DAY DEVOTED TO RATHER DESULTORY DISCUSSION OF WORLD BANANA ECONOMY. STATISTICAL COMMITTEE'S REPORT (REFTEL) ON SHORT AND MEDIUM TERM OUTLOOK ACCEPTED WITHOUT COMMENT. ON ECONOMIC ASPECTS OF PRODUCTION AND TRADE, FRANCE DELIVERED ITS BIENNIAL LECTURE ON VIRTUES OF PREFERENTIAL ARRANGEMENTS, CITING HIGH WAGES PAID TO BANANA WORKERS IN OVERSEAS DEPARTMENTS. JAPAN ANNOUNCED IT LOWERING HIGH SEASONAL TARIFF TO 55 PERCENT IN 73/74 AND TO 50 PERCENT IN 74/75. OCEAN TRANSPORT ITEM YIELDED STATEMENT BY LIMITED OFFICIAL USE

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ECUADOREAN DELEGATION CONCERNING DEVELOPMENT OF NATIONAL SHIPPING LINE. DISCUSSION OF NEW USES FOR BANANAS PRODUCED UK REQUEST FOR UPDATE OF EARLIER FAO STUDY, WHICH GENERALLY ENDORSED. ALL DELEGATIONS APPEARED TO SUPPORT CONTINUATION OF SECRETARIAT STUDY ON DEMAND INTERRELATIONSHIP AMONG VARIOUS FRUITS AND SECRETARIAT REQUESTED US COOPERATION IN EXTENDING STUDY TO AMERICAN MARKET.

6. MARKET ACCESS ITEM PROVOKED SURPRISINGLY LITTLE DEBATE. ECUADOR CHARGED THAT, ASIDE FROM U.S. AND FEW OTHER COUNTRIES, WORLD WAS "BRISTLING WITH OBSTACLES" AS TYPIFIED BY ITALIAN INTERNAL TAXES AND PHASED INTRODUCTION OF CXT BY NEW EEC MEMBERS. SPAIN PROVIDED SOME SUPPORT TO ECUADOR BY EXPRESSING CONCERN OVER ACCESS TO EEC, BUT LATINS REMAINED GENERALLY SILENT. COSTA RICA (GURDIAN) DID, HOWEVER, CRITICIZE ALLEGED FAILURE OF U.S. MULTINATIONALS TO COOPERATE WITH CENTRAL AMERICANS IN PENETRATING EASTERN EUROPEAN MARKETS. U.S. DEL RESPONDED BY INDICATING MULTINATIONALS MAKING CONTINUAL EFFORTS TO MARKET BANANAS IN EASTERN EUROPEAN COUNTRIES.

7. PRODDER BY SECRETARIAT, SUB-GROUP OF EXPORTERS HAS HELD THREE MEETINGS. SECRETARIAT (MULHERIN) PUSHING VOLUNTARY EXPORT QUOTAS ALONG LINES OF THOSE ADOPTED BY INTERGOVERNMENTAL GROUP ON TEA. AT THIS TAGE, HOWEVER, EXPORTERS APPEAR DIVIDED. ECUADOR FAILED TO APPEAR AT SECOND MEETING. MOREOVER, SEVERAL CENTRAL AMERICANS ARE REPORTED TO HAVE EXPRESSED SERIOUS RESERVATIONS ABOUT ANY FORM OF INTERNATIONAL ARRANGEMENTS. SULLIVAN

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